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The Honorable Daniel K. Inouye, Chairman Select Committee on Intelligence United States Senate Washington, D.C. 20510

Dear Mr. Chairman:

Thank you for your letters of November 29 and December 20, 1976, received on 5 January 1977, acknowledging our notification on releases of funds from our Reserve for Contingencies.

We have now received Office of Management and Budget approval for the release of from the Reserve for Contingencies for funding of the Presidential Finding of December 3, 1976. Cur notification to the Committee of this fact is furnished in the interest of keeping the Committee fully and currently informed with respect to withdrawals from the Reserve.

As you know, the notification and briefing process of the Committee on operations requiring Presidential Findings under the Hughes-Ryan Amendment and involving withdrawal from the Contingency Reserve are overlapping. First, when a Finding is made the Committee is immediately notified of that fact, the country involved and the amount and source of funding required. Second, at the convenience of the Committee the Director of Central Intelligence provides a more detailed report on the scope and description of the operation. Finally, the Committee is notified of the fact that the Office of Management and Budget has approved a release from the Reserve for Contingencies and the amount approved.

I believe the procedures outlined above assure that the Committee is kept fully and currently informed on these matters and provide in a timely fashion the information required by the Committee to fulfill its responsibilities.

I would like to take this opportunity to note my observation that Agency officers and members of your Committee and staff have a very close and candid working relationship. I am confident that this kind of cooperation will continue to the benefit of both the Agency and the Committee.

Sincerely,

George Bush

George Bush

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WASHINGTON, D.C. 20505

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OLC 76-3315/b

Honorable Daniel K. Inouye, Chairman Select Committee on Intelligence United States Senate Washington, D.C. 20510

76 -10575

Dear Mr. Chairman:

In response to your letter of 11 November 1976 concerning the propriety and consequences of CIA's liaison with foreign intelligence services, I met with Bill Miller on 29 November 1976 to discuss how the Agency might satisfy the Committee's needs in this highly sensitive area. Mr. Miller elaborated on the Committee's interests, and I agreed to provide the Committee a paper discussing the principal questions of concern which he identified. Enclosed is a memorandum covering these points.

I would be happy to discuss this matter with you further.

Sincerely,

ILLEGIB

E. H. Knoche Acting Director

Enclosure

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CENTRAL INTELLIGENCE AGENCY WASHINGTON, D.C. 20505

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Honorable Daniel K. Inouye, Chairman Select Committee on Intelligence United States Senate Washington, D.C. 20510

Dear Mr. Chairman:

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E. H. Knoche Acting Director

Enclosure

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Mark O, Matfield, Oreg. Barry Goldwater, Ariz. Robert T. Stafforo, VT. Charles McC. Mathag, Jr.,

United States Senate

(Pursuant to 8. Res. 404, bith congress)

Washington, D.C. 20510

February 4, 1977

Executive Registry

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IN REPLY PLEASE REFER TO R#6490

Mr. E. Henry Knoche Acting Director of Central Intelligence Central Intelligence Agency Washington, D. C. 20505

Dear Mr. Knoche:

Questions have been raised recently in the press (see attached article) about the applicability of conflict of interest provisions in the executive branch to employees of United States intelligence agencies. The Select Committee on Intelligence would very much appreciate a description of the conflict of interest provisions which apply to employees of intelligence agencies under your cognizance and the differences, if any, between these provisions and those applicable to less sensitive government agencies!

Aloha,

Baniel K.

Chairman

Jake Garn Vice Chairma

Enclosure

Anderson and Les Whitten:

most hush-hush intelligence agency is the National Reconnaissance Office, which operates America's spy satellites. The strict secrecy, however, has provided the NRO's policymakers

spends at least \$1.5 billion a year. Huge secret contracts are handed out to fortunate, favored companies. Because the spy-in-the-sky technology cannot be revealed, the contracting process is hidden from the public.

But we can report a few interesting. facts, which have nothing to do with military security:

The NRO draws its top policymakers from the White House, Pentagon and Central Intelligence Agency. One seat on the policy board, for example, is assigned to the under secretary of the Air Force. In 1973 this sensitive seat went to James Plummer, who came to the Air Force from Lockheed Corp.

At Lockheed he had been in charge of developing spy satellites. He had an 18-year-record of loyalty to the corporation. Then overnight he was in a position to help determine who would get the juicy satellite contracts.

". This was an obvious conflict of interest, which was taken up quietly with Senate Armed Services Committee Chairman John Stennis (D-Miss.). He is known inside the Senate as "The Whitewasher."

In a letter to Steams, Plummer pledged that he had agreed "to serve as under secretary for 3½ years mini-mum." He added solemnly: "I have no agreement, express or implied, with Lockheed and no understanding repeated both pledges under oath.

Yet last June, Plummer notified his superiors in the Pentagon that be was quitting, although he had served only 2½ years. He returned to the Lockwith a convenient cover for hiding heed payroll as vice president in conflicts of interest.

Our sources estimate that the NRO and Space Co. in Sunnyvalc, Calif.

While Plummer was riding the merry-go-round between the Pentagon : and Lockheed, the corporation was the nation's top spy satellite contractor.

Another passenger on the merry-goround was Albert Hall, who started out with Martin Marietta from 1958 to 1903. He moved into the Pentagon for the next two years, then back to Martin Marietta from 1965 to 1971. Finally, he returned to the Pentagon again as. assistant defense secretary in charge of intelligence.

This position gives Hall a seat on. NRO's policy board where he, too, has influence over the spy satellite program. Martin Marietta, it turns out, builds booster rockets for spy satellites.

Footnote: A Defense Department spokesman said all military contracts are awarded according to law, but refused to respond to specific questions about the reconnaissance contracts.

Plummer was asked to remain at his . post, according to the Pentagon, in the interest of continuity. Safeguards were taken to avoid any conflicts of interest, Pentagon officials said. Plum- . both insisted they were not involved in electric light.

contract decisions affecting their former companies.

practicality and historic good fortune.

Plummer said he left the Pentagon early to return to Lockheed for "perspecting re-employment." He later resonal reasons. Hall, now an Air Force

consultant, acknowledged collecting huge termination payments from Martin Marietta while on the Pentagon payroll but said this was perfectly proper.

Soviet Martyr—The Soviet prison

system is developing another Soviet martyr. His name is Hillel Butman, a Jew who had heard about an attempt to hijack an Aeroflot airliner but was not involved in the plot.

He was arrested anyway, his friends tell us, because he was acquainted with the conspirators and was an aclive Zionist. Before the Soviet secret police finished with him, he had been sentenced to ten years in the bleak Soviet penal system.

It takes courage to speak out against his failers, who can make his life unbearable. But, like Alexander Solzhenfisyn before him, Hillel Butman has dared to dely his oppressors.

He has written a tongue in cheek letter to his warden-chief of the Perm Soviet labor camp. The unpublished letter reverses roles, elevating Butman

to prison chief and placing the chief in one of Perm's cells.

Butman praises the prison harassment, such as the six daily roll calls the prisoners must endure.

For his insubordination, Butmen-probably will be shipped to Vladimir prison, the disciplinary camp where prisoners are kept on a hunger diet. with little heat, no running water and mer and Hall denied any conflicts; no respite from the 24-hour, overhead

> have evolved a free press to undertake the role that in a tyranny falls to the lonely hero.

CASEY

By Charles Rodrigues

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TOP SECRET

United States Senate

SELECT COMMITTEE ON INTELLIGENCE

(PURSUANT TO S. RES. 400, NITH CONGRESS) WASHINGTON, D.C. 20510 February 25, 1977

> IN REPLY PLEASE REFER TO R#6614

Adm. Stansfield Turner Director of Central Intelligence Designate Central Intelligence Agency Washington, D. C.

Dear Adm. Turner:

WILLIAM G. MILLER, STAFF DIRECTOR

I have received the November 30 letter of Mr. Cary indicating the opposition of the CIA to the release to Ambassador Edward M. Korry of his executive session testimony of February 24, 1976 before the Senate Select Committee to Study Governmental Operations with Respect to Intelligence Activities.

It is my intention to raise the question of providing Mr. Korry with a copy of his testimony with the full Select Committee on Intelligence. For this purpose I would like to have your objections to specific portions of the testimony, release of which you believe would jeopardize national security or intelligence sources and methods.

The Select Committee staff has reviewed the Korry transcript and marked certain portions for deletion. Among these are those portions suggested by the CIA in a letter to Senator Church of March 31, 1976. The staff has also

marked certain language related to which apparently was overlooked in the Agency's initial Finally, the staff marked for deletion the names οf when it appeared that Ambassador Korry

himself wished to have these people protected.

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Adm. Stansfield Turner February 25, 1977 Page 2

I am providing you again with a copy of the transcript and with a copy of the deletions discussed above so that the Agency will have every opportunity to express its views as to the release of the transcript or any portions of the transcript. I hope, however, that you will attempt to be as specific as possible in your comments. The Committee's release of his transcript to Ambassador Korry would not constitute an endorsement of his testimony, but it would raise the possibility that the transcript would be read by persons not cleared for access to classified material. I am concerned, therefore, that specific facts not now publicly known, release of which is likely to be substantially harmful to the national security or to the personal security of any person, should be deleted from the transcript prior to its release. I would appreciate your assistance.

Aloha,

Daniel K. Inouve

Chairman

Enclosures

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THE DIRECTOR OF CENTRAL INTELLIGENCE

WASHINGTON, D. C. 20505

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Office of Legislative Counsel

OLC 76-3246/a

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C-38.2

Honorable Daniel K. Inouye, Chairman Select Committee on Intelligence United States Senate Washington, D.C. 20510

Dear Mr. Chairman:

This is in response to your request of 5 November 1976 for the position of this Agency on the release to former Ambassador Korry of his 24 February 1976 testimony before the Senate Select Committee on Government Operations with Respect to Intelligence Activities. As your letter indicates, in April of this year CIA objected to release of any part of this testimony to former Ambassador Korry. Our position has not changed. Release to former Ambassador Korry is equivalent to public release. This Agency has consistently opposed the public release and discussion of sensitive intelligence operations, such as the program discussed in considerable detail in this testimony. This position is consistent with the responsibility of the Director of Central Intelligence to protect intelligence sources and methods from unauthorized disclosure and the view of this Agency that public discussion of such activities simply is contrary to the interests of the Government.

Sincerely,

13/

George L. Cary Legislative Counsel

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Washington, D.C. 20505

24 FEB 1977

The Honorable Daniel K. Inouye, (hairman Select Committee on Intelligence United States Senate Washington, D.C. 20510

Dear Mr. Chairman:

With reference to your letter of 14 February, enclosing a Manchester Guardian article speculating as to the possibility of CIA involvement in the building of new airfields in Rhodesia: I wish to assure you that no covert U.S. assistance is being provided to Mr. Ian Smith for the building of airfields or for any other purpose, and there is no basis for Mr. Smith to anticipate any such assistance. We have had intelligence reports of Rhodesian construction at eight airfields over the past year.

Sincerely,

E. H. Knoche Acting Director

Enclosure

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for covert US help

PERHAPS THE only puzzling aspect about Mr Ian Smith's rejection of the new British conference terms was the genuine surprise with which Mr Ivor Richard reacted to the demolition of his hopes for an early return to Geneva. 🛧 .

There are cynics in Salisbury who feel that the conference chairman dramatised his display of deep disappointment to increase the burden of Mr Smith's guilt. One thinks not. Britain's envoy to the United Nations, having spent four weary months on secondment to the Rhodesia conference, was genuinely saddened and hurt by what he regarded as the end of

Mr Richard was truly convinced that the Rhodesian leader would, at the end of "11 of the best years of our lives," gracefully bow to the historic imperative of decolonisation. Why? Because, as Mr Richard pointed out at Geneva several times, no reasonable politician could commit a dispirited white minority to unending warfare with guerrillas representing a restless, rebellious majority, where we are

· This was a miscalculation as fatal as Britain's persistent misreading of white politics in Rhodesia. From the moment that a cold-ridden Mr Smith huskily declared UDI at 1.15 pm on November 11, 1965, he was treated by the British Government as a recalcitrant cousin whose rebellious behaviour could, and would, be tamed by common sense and appeals to reason laced with dire threats of painful punishment if the black sheep refused the comforts of the fold.

Buried deep in the Foreign Office files must be a scribbled memorandum from a departing mandarin who raged against the lunacy of such diplomacy towards the rebel regime. Nothing would or will force Mr Smith, his Cabinet, his white electorate and the army to accept unfettered African rule except for morale-busting pressure of the kind that can break a government's will to resist its own destruction and sand bath being

The pressure was there last September, applied by South Africa and America, but if Dr Kissinger did not see the gaping loopholes in his enforced settlement terms, then Mr Smith certainly did. He made an agreement with the most powerful nation in the world and he is going to stick to it. More importantly, the Rhodesian security forces will fight for it, and a second to the second

. It matters not to Salisbury whether

heap abuse on his impending plans to implement the Kissinger agreement unilaterally with so-called African moderates. What does matter is how South Africa reacts to such moves, and on the dour face of Mr John Vorster there is in Rhodesian eyes - the silent smile of assent

Beyond South Africa, Mr Smith is looking for covert American assistance that goes to so many nations who see things the way of the Central Intelligence Agency. After all, white Rhodesians argue, is Mr Smith not fighting international communism (no, but he probably soon will be), and who is building those four new undeniably strategic airfields that have emerged in the bush recently? If journalists ask in Salisbury these days about the airfields, officials tend to gaze fixidly at the horizon in a studied silence that mutely frames the reply, "Who do you think? Who else?" and thinks will

None of this will come as a surprise to such African leaders as President Nyerere of Tanzania who have long looked on in appalled silence as successive British envoys trailed out to Salisbury to tell the Rhodesian Prime

by James MacManus in Salisbury 20 of

Minister that happiness was a handover to a black majority. Unfortunately, Mr Smith sees no salvation in the surrender of white power and privilege.

However, such realities did come as a surprise to Mr Richard, who was perhaps a little too forthright for the Foreign Office's taste in recognising the end of the road when he came to it."

Although Whitehall seems to be urging the battered British conference team into further negotiations with Mr Vorster, the Geneva conference cannot be resumed with the "reasonable prospects for success" which the Foreign Secretary requires for secondstage talks in Switzerland. The Rhodesain Government has nailed its colours to the most which Dr Kissinger so conveniently provided, and there is simply no way that most Rhodesian nationalists or the Organisation of African Unity will accept what they see as a half-way settlement. "..."

Only a massive change of heart by the front-line African states and Mr John Vorster will alter this reality. To

commanders have let Mr Smith know that if Mr Smith does contemplate the unthinkable and go back on his rejection, they might ponder the incredible

- Africa's first white military coup. Whither Rhodesia? The Government remains in a precarious position. The security forces are stretched tight and thin. Spirits are reasonably high among the regular forces, but elsewhere morale varies from the "shoot it out to the last cartridge" candidates to the young married couples with small children who are openly fearful of the future. It is the question of morale, rather than of military defeat, that most concerns the authorities.

The emigration rate, totalling a net

loss of 6,000 Rhodesians last year, can only get worse. In the industrial and commercial sectors confidence is low as businessmen find themselves caught between fear of radical nationalist rule and a future without an internationally recognised settlement a view

Mr Smith is therefore expected to move with reasonable speed to meet at least some requirements of the Kissinger package - abolition of racial; discrimination (but not, one notes, the most contentious constitutional requirement to abolish the blatantly unfair division of land between the majority and the minority), and the implementation of a power-sharing, and ultimately power-transferring, transitional government.

The man with whom Mr Smith intends to conduct this exercise, Bishop Abel Muzorewa, has resisted all blandishments to hold any talks with the government. But, in the end, the Bishop may find that he needs Mr Smith as much as the Prime Minister needs him.

"We have never closed the door. It is Wilson who has been doing that for the last four months." Mr Smith said that on March 27, 1966. Substitute Richard for Wilson and exactly the same words characterise the Government's attitude to the constitutional issue. It is always somebody else's fault. Nothing changes. Both Mr Wilson and Mr Richard may reflect on L. P. Hartley's words, which were not written about Rhodesia but might well have been: "The past is another country. They do things differently there."

Britain, Africa, or the United Nations settle the matter, Rhodesia's military delivered to some on some of the control of the

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CENTRAL INTELLIGENCE AGENCY

WASHINGTON, D.C. 20505

The Honorable Daniel K. Inouye, Chairman Select Committee on Intelligence United States Senate Washington, D.C. 20510

Dear Mr. Chairman:

W: Mudrenca

I want to reply promptly to your letter of 14 February, enclosing a Manchester Guardian article speculating as to the possibility of CIA involvement in the building of new airfields in Rhodesia: I wish to assure you that no covert U.S. assistance is being provided to Mr. Ian Smith for the building of airfields or for any other purpose, and there is no basis for Mr. Smith to anticipate any such assistance. We have had intelligence reports of Rhodesian construction at eight airfields over the past year.

Sincerely,

E. H. Knoche Acting Director

Enclosure

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United States Senate

SELECT COMMITTEE ON INTELLIGENCE

(FURSUANT TO 8. RES. 400, 94TH CONGRESS)

WASHINGTON, D.C. 20510

January 11, 1977

IN REPLY PLEASE
REFER TO R# 6136

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The Honorable George Bush Director of Central Intelligence Washington, D. C.

Dear George:

As you know, the Budget Subcommittee of the Senate Select Committee on Intelligence will begin the formal budget authorization process toward the end of January. In anticipation of these deliberations, the Subcommittee felt it would be to our mutual benefit if the Intelligence Community was advised of our expectations in this regard.

The Subcommittee would like to initiate the process with the DCI presenting two substantive briefings in late January. The first should be a broad intelligence appraisal of the activities of foreign states which impact on our national security. particular, the presentation should emphasize significant developments in foreign nation activities in the past year, areas of special concern to U. S. national security in the future, and how intelligence can and cannot contribute to these areas. The second briefing should present a general appraisal of the state of U.S. intelligence. Emphasis here should be focused on major substantive issues facing intelligence planning and current management -- such gaps and limitations in intelligence support to decisionmakers; the changes in foreign developments and U. S. decisionmaker needs which are or will impose new demands on intelligence; current and projected intelligence capabilities; and the implications of

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The Honorable George Bush January 11, 1977 Page two

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these factors for the organization, personnel, composition, technological investment and performance of U.S. intelligence in the mid- (five year) and longterm (ten to fifteen years).

These sessions will be followed by a series of budget hearings with appropriate intelligence community officials beginning in early to mid-February. It is requested that the DCI begin this set of hearings by providing an overview of the intelligence budget for the FY 1978-1982 period. During these hearings the Subcommittee will focus on the substantive value to decisionmakers of existing and planned intelligence capabilities and the longer term implications of FY 1978 decisions on the crust and scope of intelligence through FY 1982. It is expected that the budget justification materials which will be provided to the Subcommittee in advance of these hearings will explicitly address these interests.

There is attached for the Community's guidance a list of areas of particular interest to the Subcommittee, and a list of programs and activities for which budget justification material is requested. Additional guidance will be provided once the Subcommittee has had an opportunity to review the FY 1978 budget proposals. It would be appreciated if you would insure that appropriate organizations and personnel are advised.



The Honorable George Bush January 11, 1977 Page three



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The Subcommittee has a great deal of work to accomplish in a relatively short period of time, due to the requirements of the Budget and Impoundment Act of 1974. This could be further complicated by policy and budgetary adjustments that the new administration may propose which impact on the intelligence community. Your cooperation and that of the community is vital to accomplishing a most difficult task. We know we can count on your wholehearted support.

Sincerely,

William D. Hathaway, Chairman Subcommittee on Budget Authorization

Barry Goldwater, Vice Chairman Subcommittee on Budget Authorization

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Attachment

TOP SECRET

MAJOR AREAS OF INTEREST

ORGANIZATION AND MANAGEMENT

- -- Impact/effectiveness of E.O. 11905; need for legislative authority
- -- Adequacy of current mechanisms for long-range planning;
 setting requirments; establishing priorities; resource
 allocation/cross-program trade-offs; performance measurement/evaluation
- -- Effectiveness of executive branch community oversight; need for multiple levels of oversight
- -- National-tactical relationships; adequacy of current doctrine and management arrangements to insure appropriate interface and trade-offs

COLLECTION

- -- Space systems mix strategy; impact of new initiatives and improvements
- -- Vulnerability/survivability of space systems
- -- Increased use of national space systems for tactical purposes
- -- Impact of space shuttle; need for back-up launch capabilities
- -- Inter-relationships/coordination among U.S. SIGINT activities
- -- Long-range SIGINT modernization strategy

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- -- Impact of space communications on SIGINT collection
- -- Coordination among and improved utilization of human source collectors abroad
- -- Effectiveness of human source collection
- -- Adequacy of and problems associated with cover for overseas operations
- -- Scope and value of domestic human source collection
- -- Adequacy of capabilities for detection and assessment of foreign nuclear developments

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PRODUCTION

- -- Adequacy of the estimative process; mechanisms for consumer evaluation and feedback; crisis management and indications and warning capabilities
- -- Plans and progress in applying new methodologies and ADP techniques to the production process
- --- Scope of external research and analysis; coordination mechanisms; extent of overlap and duplication; value of contribution to production process
- -- Career development and incentives for analysts; adequacy of manpower base



PROCESSING

- -- Adequacy of community data management mechanisms
- -- Standardization, interoperability and security of ADP systems
- · Potential for and progress toward internetting community systems
- Plans and capabilities to cope with the impact of planned improvements in collection systems
- Adequacy of libraries, reference services, and data storage/retrieval systems

RESEARCH AND DEVELOPMENT

- -- Adequacy of mechanisms for coordinating community research and development efforts
- Progress toward development of long-range investment strategy for community R&D efforts .
- -- Potential for technology transfer to other U.S. Government programs
- Adequacy of mechanisms to protect against the transfer of critical technologies to foreign nations

MANPOWER

- Adequacy of community manpower planning
- Impact of manpower reductions in recent years
- -- Adequacy of trained linguists

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OTHER

- -- Scope of covert action activities; adequacy of current review mechanisms; need to maintain a paramilitary capability
- -- Scope of and coordination among U.S. counterintelltgence activities; potential areas of conflict/improvement between domestic/foreign CI operations

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-- Policy and procedures for administration of the CIA contingency reserve

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BUDGET JUSTIFICATION MATERIAL

DEFENSE

- -- General Defense Intelligence Program
- -- Consolidated Cryptologic Program

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- Intelligence-related Programs
- -- DDI/ASD(I) Staff Elements

CENTRAL INTELLIGENCE AGENCY

STATE/BUREAU OF INTELLIGENCE AND RESEARCH

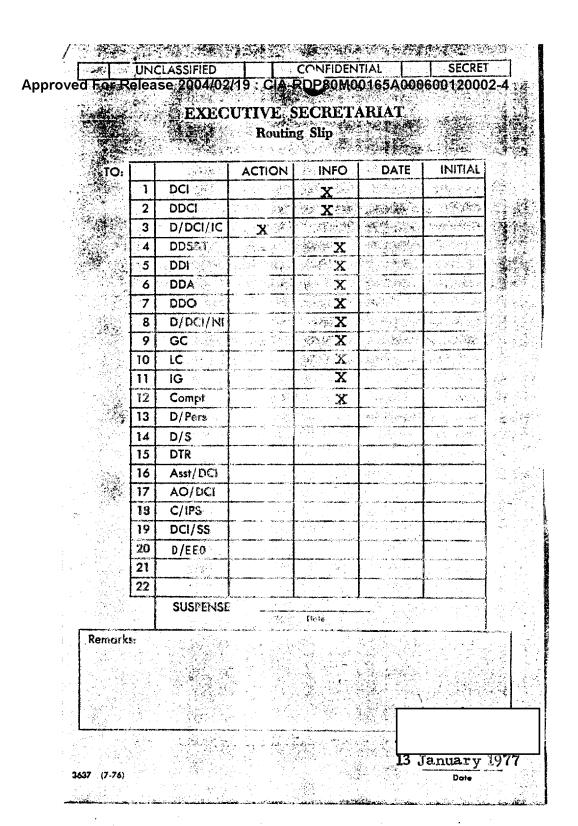
JUSTICE/FEDERAL BUREAU OF INVESTIGATION

TREASURY/NATIONAL SECURITY AFFAIRS

ERDA/NATIONAL SECURITY AFFAIRS

INTELLIGENCE COMMUNITY STAFF

TOP SECRET



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